3/28 bulletin:

Fellow JOBB Members,

I just wanted to give some forensic analysis on this week's high impact reports. Market conditions created some lackluster results in most of the reports this week, but the JOBB software worked like a charm.

1. The best trade of the week goes to the FED chair Speech on Monday at 8 am Eastern. I received a few testimonials from members who made at least 9 ticks and more on this trade. Remember the FED speeches and testimonials are wildcards, where the magnitude and nature of the reaction hinge on what Chairman Bernanke says (or does not say). In this case he hinted strongly that QE3 is coming soon due to the perceived problem of long term unemployment still dragging the economy down. The markets liked that and it put traders in a buying mood. You would also notice that your order did not fill until about 20 sec into the :01 candle. For the FED reports that is okay as the reaction is delayed, but not dull. With the report crossing the 50 and 100 SMAs, you would be wise to exit near the top of the :01 candle. After seeing that it never dropped below the 50 SMA on the next two candles, it is gearing up for a 2nd peak.

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2. Both CB Consumer Confidence and Durable Goods had a result that matched the forecast. This caused a dull reaction. For Consumer Confidence on Tuesday, with JOBB you would have gotten in long at about 107.62 on a premature bump up. Then it hovered just below your entry bouncing between 1-5 ticks of loss, before it began a slow march down. This is a case where you want to close out manually with at worst a 5 tick loss rather than wait with false placed hope that it will rebound while it slowly marched towards your stop loss. Remember dull reactions have no predictability and you want to mitigate the loss or eke out a small profit if possible.

3/28 bulletin:

3. Durable Goods this morning is similar. Since it is a top tier report, many traders jumped in expecting a move. Even with the core report matching, the regular durable goods reading missed the forecast by 0.8% and was probably the sole reason the initial spike was short, but it could not sustain and retraced. I also traded this report with JOBB. I saw a higher than normal amount of slippage since the strategy did not apply until :59 sec as no contracts changed hands until then. My short order was set at 106.11, but filled at 106.04 (7 ticks of slippage). Then it retraced and bounced around between 106.05 and 106.13. I left my stop loss in place at 106.19, and placed a limit exit on the chart at 106.05. It filled about 30 sec into the trade giving me a 1 tick loss. If you had waited it out, the :33 candle would have been the place to get out when it quickly dropped through the S2 at 105.98. Also notice the triple bottom at 106.02 with the :15 and :28 candles before the report broke, then the :31 candle.

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4. Now we get to the Oil inventory report this morning. Not too surprisingly, the report showed a bigger than expected rise in supplies as gas prices are forcing people to buy less gas and limit discretionary driving. The CL sold off about 130 ticks in the 3 hours before the inventory report broke, so it was in a long term oversold situation before the report broke. With JOBB you probably got in short around 105.13, then closed out on your stop loss when it retraced upward immediately up to 105.40. This happens about 1-2 out of 10 cases with the Oil inventory report. It is a riskier report to trade that reacts violently even when it goes in one direction for a large number of ticks. If you go back and look at the range chart, you will notice you cannot fit the :30:00 to :31:00 timeframe on one page and the early part of the reaction looks like a jagged saw with swings up to 30 ticks. This indicates unusually high volume and volatility. I trade these, but back off on the # of contracts I use in comparison to the other reports as my way of compensating for the risk.

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Looking ahead to next week, we have 2 top tier reports. On Monday the ISM Manufacturing Report is a big mover, then the Non Farm Employment report is on Friday. There are also 3 Australian reports that are reliable. We will get a significant reaction on a few of those.

Please continue to send me your feedback, testimony, and technical trade questions.

Best wishes,

Jay

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